

**LEWIS  
AND  
ROCA**  
LLP  
LAWYERS

Phoenix Office  
40 North Central Avenue  
Phoenix, Arizona 85004-4429  
Facsimile (602) 262-5747  
Telephone (602) 262-5311

Thomas H. Campbell  
Direct Dial: (602) 262-5723  
Direct Fax: (602) 734-3841  
Internet: TCampbell@lrlaw.com  
Admitted in Arizona

**ORIGINAL**

Tucson Office  
One South Church Avenue  
Suite 700  
Tucson, Arizona 85701-1611  
Facsimile (520) 622-2698  
Telephone (520) 622-2690

**RECEIVED**

Las Vegas Office  
3993 Howard  
Suite 600  
Las Vegas, Nevada  
Facsimile (702) 949-8398  
Telephone (702) 949-8200



0000015121

2004 DEC 30 P 4: 14

AZ CORP COMMISSION  
DOCUMENT CONTROL

Our File Number 43056-00001

December 30, 2004

**HAND DELIVERED**

Arizona Corporation Commission  
Utilities Division – Docket Control  
1200 W. Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**  
DEC 30 2004

DOCKETED BY	KA
-------------	----

Re: UniSource Energy Services Progress Report  
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914  
A.C.C. Decision No. 66028

Pursuant to A.C.C. Decision No. 66028, UniSource Energy Services ("UES") files this progress report on the negotiations to restructure the Pinnacle West Capital Corporation ("PWCC") Power Supply Agreement ("PSA"). The high and volatile natural gas and power prices of the last two months and their effect on projected energy prices have limited the opportunities to renegotiate the PWCC PSA due to the comparably lower cost of the existing PSA.

Very truly yours,

LEWIS AND ROCA LLP

Thomas H. Campbell

cc: Ernest Johnson, Utilities Division Director  
A.C.C. Compliance Manager  
All Parties of Record